

KENTUCKY

TEACHERS' RETIREMENT SYSTEM

RETIRED MEMBER
EDITION



APRIL/MAY
2008

2008 Session of the Kentucky General Assembly LEGISLATIVE UPDATE

The General Assembly adjourned its Regular Session of 2008 on April 15th and will not return until the 2009 Regular Session unless the Governor should call a Special Session in the interim. Among the retirement legislation of note that was introduced during the 2008 Regular Session are the following:

House Bill 470

HB 470 is the bill that contained most of the proposals recommended by the Board of Trustees at its December 2007 meeting. HB 470 passed out of both the House of Representatives and the Senate and was signed into law by the Governor on April 11, 2008. Its provisions become effective on July 1, 2008. HB 470 is mostly housekeeping in nature and does not change the current practice of the retirement system, but it does contain a few substantive provisions as follow:

- Allows un-purchased out-of-state K-12 public school service to count toward the thirty years required to return to work at 75% of last annual compensation as opposed to 65%.

- Provides a minimum Daily Wage Threshold.

- Allows retirees to remove their ex-spouses as beneficiary even if they miss the sixty (60) day deadline for doing so. This would not permit members to increase their retirement allowance or change their retirement option and would not allow them to "pop up" to an Option I actuarial equivalent in the event that their spouse later predeceases them (even if they selected a pop-up option at the time of retirement).

Senate Bill 65

Senate Bill 65 passed out of both the Senate and the House

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Upcoming KTRS Board of Trustees Election

The Teachers' Retirement System is governed by a nine member Board of Trustees. Two trustees are ex-officio members, the Chief State School Officer and the State Treasurer. The

remaining seven trustees are elected by the retired and active membership.



Elections are held in May of each year to fill either one or two positions on the Board. Positions are held for four-year terms and the elections are staggered. This May, the membership will elect an active member trustee.

The candidates for the active teacher position are Tom Shelton, from Owensboro, and Glen Teager, from Morehead.

In early May, each retired and active KTRS member will receive a ballot with information about the candidates. Retired members will receive a yellow ballot and active members will

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and was signed into law by the Governor on April 7th. It became effective upon the signature of the Governor. Senate Bill 65 allows university employees who participate in the Optional Retirement Plan a one-time election, within their first six years and six months of employment, to switch to KTRS and purchase their prior service during which they participated in the ORP. Additionally, it provides all university employees a one-time opportunity, even if they have been employed longer than six years and six months, to make this election as long as they elect to do so by December 31, 2008. Only university employees who are otherwise eligible for membership in KTRS may make this election. This bill also provides universities with an alternate payment plan for their share of the retirement system's unfunded liability.

House Bill 406, The Executive Budget

House Bill 406, The Executive Budget bill attempts to deal with the reality of allocating scarce discretionary dollars among many important needs of the Commonwealth. For KTRS, House Bill 406 provides funding for employer contributions, payments for past cost of living adjustments, sick leave, and minimum value benefit adjustments. It also continues to provide amortized payments, with interest, on the amounts that were borrowed from the pension fund to pay for past medical insurance costs for retirees. The bill does continue the practice of borrowing from the pension fund to pay for medical insurance costs by doing so for the 2008-2010 biennium. It also, for the first time, borrows to pay for the medical insurance dependent subsidy. It does not provide a requested supplemental employer contribution for the pension fund as recommended by the system's actuary, nor was additional funding for ad hoc cost of living adjustments available. As such, the cost of living adjustments that will be provided on July 1, 2008 and 2009 will be the fixed 1.5% cost of living adjustment guaranteed by statute.

House Bill 600

House Bill 600, the Administration's Pension Reform Bill, would have made some changes to

the KTRS pension structure and medical insurance program for persons who would become members of the retirement system on or after July 1, 2008. This bill would have made more significant changes to the pension structure and medical insurance program for new members of Kentucky Retirement Systems. However, despite strong efforts from each body to reconcile the two, the version of the bill that passed in the House of Representatives differed from the version that passed in the Senate. Therefore, House Bill 600 did not become law.

Other Miscellaneous Bills

House Bill 743 would have provided a supplemental, floating employer contribution for KTRS, but did not pass. House Bill 466 would have extended the 100-day program, for persons who had continued employment under its provisions through 2006-2007, until June 30, 2011, but did not pass. House Bill 53 would have extended a window of retirement benefits that is set to expire in January of 2009 for participants in Kentucky Retirement Systems (KRS), but did not pass. Senate Bill 11 would have required the Commonwealth to provide funding sufficient to maintain a level of coverage for retired teachers equal to that provided to active teachers, but did not pass. Senate Bill 131 deletes the requirement that the survivorship benefit is available to legally adopted children only if the adoption process began one year or more prior to the member's death, and now only requires that the child be legally adopted at the time of the member's death. Senate Bill 131 did pass and is retroactive to January 1, 1990.

Upcoming KTRS Board of Trustees Election continued from page 1 ...

receive a blue ballot. Please select your candidate, tear along the perforation, and drop the ballot in the mail. Postage is prepaid. You may return your ballot any time during May, but no later than May 31, 2008. The Chief State School Officer is responsible for counting the ballots.

All members are urged to review the qualifications of each candidate and cast their ballot for the candidate that they feel has the best qualifications to be an effective member of the Board of Trustees. The results of the election will be announced in the next KTRS newsletter.

Retirees Under Age 65

KTRS Encourages Health Assessment Participation (KEHP Enrollees Under age 65)

Why take a Health Assessment? More knowledge about your health gives you power. You may discover some easy ways to get or stay healthy. Many times, making small lifestyle changes can mean better health today - and in the future.

Taking the Assessment is easy:

{Please note: In order to take the Humana Health Assessment (HHA), you must enable pop-up blockers. For Internet Explorer customers, once you have opened the Internet, click on "Tools", then "Pop-up blockers", then "Turn off pop-up blockers". If "Turn on pop-up blockers" is showing, do not click on that button.}

- Log on to <http://kyhealthplan.humana.com>.
- Click on the MyHumana/Health Assessment link.
- If you have not already done so, register at MyHumana using your member I.D. If you have already registered, enter your Username and Password.
- Click on Health and Wellness, then Health Assessment.
- Click on Launch Humana Health Assessment at the bottom of the screen.
- Review Humana's agreement, click "I accept" and then "Next" at the bottom of the screen and begin the HHA.

To take the Health Assessment by phone:

- Have your member ID and date of birth available.
- Dial 1-866-444-6096 and answer questions.
- Your results will be mailed directly to you.

After completing the HHA, you qualify for a free personal health coach (by telephone) who will help you change your lifestyle and accomplish your health goal.

HumanaFirst®

Nurse Line Advice: 1-800-622-9529

24 hour health information, guidance and support.
Whether your concern is immediate or longer term, call HumanaFirst® for expert guidance - at no additional cost to you. Nurses are available every day, around the clock.

Smoking Cessation Program Reminder

The Kentucky Employees Health Plan (KEHP) partnered with Express Scripts to provide over the counter Nicotine Replacement Therapies (NRT) to (covered) employees/retirees participating in an approved smoking cessation program. In order to be eligible, you must:

1. Be a smoker age eighteen (18) or older;
2. Be enrolled as a member in the KEHP and covered through Express Scripts, Inc.;
3. Actively participate in an approved smoking cessation program and attend all regularly scheduled sessions.

For more information on the internet, go to www.wellnessworks.ky.gov or contact the Department for Employee Insurance at 1-888-581-8834.

~Working Retirees~ of all ages

Updated Daily Wage Threshold Letters

During the fourth week in April 2008, over 2,600 DWT letters were mailed to members giving the DWT for the upcoming school year. If you have any questions regarding your DWT, please contact KTRS.

1.800.618.1687

Retirees Age 65 & Over

Working Aged Survey

According to Medicare requirements, Humana Inc. must send out a Working Aged Survey to all members over the age of 65 enrolled in the Medicare Advantage Private Fee for Service (PFFS) on a yearly basis. This initiative takes place from April through September of each year.

The purpose of the survey is to determine what insurance plan is primary for a member's medical claims, especially if the member is actively employed (with health coverage) in addition to being retired through KTRS. The survey consists of 8 questions. The demographic information at the top of the survey is pre-populated for the members. If a survey is not returned to Humana or if an incomplete survey is received, Humana will attempt to reach the member by phone. Humana is required to send the information that is gathered from the survey to Medicare by September 15th. If Humana is unable to gather information on a member, the member's name is sent to Medicare as unresponsive. Medicare then makes a benefit determination on these members based on their information. When a member has more than one health insurance coverage, it is important that benefits be appropriately determined and ordered so that healthcare dollars are not duplicated for the same service.

All Retirees

Do You Have a Life Insurance Beneficiary?

All members of KTRS are covered by a life insurance benefit. KRS 161.655 sets this benefit at \$5,000 for retirees and \$2,000 for active contributing members. The law specifies that this benefit is payable upon the death of the member to the member's estate or to a party designated by the member on a form prescribed by the retirement system. Members who do not have a party designated to receive this benefit can do so by completing a Designation of Beneficiary Form [KTRS Life Insurance Form DB-1].

KTRS retirees are reminded that changing the life insurance benefit designation does not affect the beneficiary designation made at retirement that provides for a monthly payment in the event of death. It is very important that both active and retired KTRS members keep their life insurance benefit designation current and up to date. Failure to keep your designation up to date could lead to costly legal fees. To request this form call KTRS toll free at 1-800-618-1687.



